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State of Utah

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF OIL, GAS AND MINING

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November 27, 1991

M/045/012

Mr. L.B. Giles
Holnam Incorporated
Devils Slide Plant
Auxiliary Route No. 3
Morgan, Utah 84050

Dear Mr. Giles:

Re: Reclamation Surety, Holnam Inc., Devils Slide Quarry,
M/029/001, Morgan County, Utah

The Division received a letter dated September 9, 1991 from Johnson & Higgins of Michigan, Inc. regarding the reclamation surety for the Devils Slide Quarry. The letter discussed the replacement of Bond No. _____ for the sum of \$141,000 within the near future. As of this date the Division has not received any further notice in this regard.

The Division has updated the surety estimate for this mine operation and the Poverty Point operation. The new surety amount for the Devils Slide Quarry is \$147,800 (1997 \$'s). Please find copies of the revised reclamation surety estimates for both of these operations attached. Since it will be 1992 before these matters can be taken before the Board of Oil, Gas and Mining, the estimates have been escalated five years forward from 1992. The old reclamation surety will be released when the Board approves of the amount and form of replacement surety.

If you have any questions regarding these matters, please contact me or Tony Gallegos of the Minerals staff. For your future reference, Mr. Frank Filas is no longer employed by the Division.

Sincerely,

D. Wayne Hedberg
Permitting Supervisor
Minerals Regulatory Program

Attachments

cc: Mr. Richard Seamen, Johnson & Higgins
Lowell Braxton, DOGM
Tony Gallegos, DOGM
M045012 & M029001

SURETY ESTIMATE UPDATE

Holnam Incorporated/Dundee Cement Company

Poverty Point Limestone Quarry M/045/012

Tooele County

Prepared by Utah Division of Oil, Gas & Mining

Last Update November 27, 1991

DESCRIPTION:

- Reclamation Surety was increased to \$13,900 for 20 acres in 1985
- This averages out to \$695/acre in 1985 dollars
- Current Disturbed Acreage = 8.3 acres pit + 9 acres road
- Specific reclamation details are listed in DOGM file memo of Oct 1, 1990
- Escalation factors through 1990 are actual Means Historical Cost Indices

		\$/acre	
CALCULATIONS	YR	ESCAL FACTOR	BOND AMOUNT
F = $P(1 + i)^n$	1983	0.0104	0
	1984	0.0092	0
F = Future Sum	1985	0.0290	695
P = Present Sum	1986	0.0210	710
i = Escalation Factor	1987	0.0195	723
n = number of periods	1988	0.0181	737
	1989	0.0177	750
	1990	0.0077	755
Three Yr Average = 1.45%	1991	0.0145	766
Used to Project 5 Yrs	1992	0.0145	777
Into the Future	1993	0.0145	789
From the Year 1992	1994	0.0145	800
	1995	0.0145	812
	1996	0.0145	823
	1997	0.0145	835
Updated Surety Amount (1997 \$/acre)		835	\$/acre
Disturbed area =	17.3	acres	
(Disturbed Area) X (\$/Acre) =			\$14,453
UPDATED SURETY AMOUNT ROUNDED (1997 DOLLARS)			\$14,500